

Unidad Latina en Accion / New Haven Workers Association
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Testimony by Megan Fountain for the Labor and Public Employees Committee
Tuesday, February 18, 2014

Senator Osten, Representative Tercyak and Members of the Committee:

My name is Megan Fountain and I am testifying in favor of House Bill 5071 "An Act Concerning Civil Actions Against An Employer For Failure To Pay Wages." I am also testifying in favor of Senate Bill 32 "An Act Concerning Working Families' Wages" and House Bill 5069 "An Act Concerning Low Wage Employers."

I volunteer with Unidad Latina en Accion, a grassroots organization in New Haven that defends the rights of immigrants. Over the years, I have helped many workers recover stolen wages through an initiative of Unidad Latina en Accion called the New Haven Workers Association. I have seen employers all over the New Haven area paying less than minimum wage and failing to pay the proper overtime. Many employers do it again and again, even after they get caught, because there is no punishment for stealing wages. The Department of Labor occasionally fines employers, but the fines are so small and so rare that it does not deter wage theft. That is why we urgently need H.B. 5071, which would require employers to pay double the amount of stolen wages.

Let me tell you a couple of stories from my experience. Hisai Ramirez worked at Gourmet Heaven, a deli on the Yale campus in New Haven. He worked 72 hours per week, and he was paid \$330 per week, or \$4.60 per hour. The minimum wage was \$8.25 per hour, so the legal pay for a person working 72 hours was \$726. Every week, the employer was stealing \$396, more than half of his paycheck. In 3 years, the employer stole about \$50,000 from Hisai. However, the Department of Labor so far has recovered only \$3,000 of that money.

Mr. Ramirez is not alone. At least a dozen employees at the same deli are in the same situation. The owner has stolen hundreds of thousands from them. The fines imposed by the DOL are only \$10,000.

What kind of message does this send to employers? It sends a message that they can grossly underpay workers and they will suffer little to no consequences.

What kind of message does this send to workers? Don't bother to file a complaint. Neither the government nor the court will recover your wages, so you may as well stay quiet rather than speaking out and possibly getting fired.

At Goodfellas Restaurant in New Haven, the owner was paying dishwashers less than \$7 per hour, when the minimum wage was \$8.25. Four workers complained to the DOL that they were owed \$24,000 in unpaid minimum wage and overtime. The DOL wanted to settle the case for \$17,000. We picketed outside the restaurant for several months until the owner finally agreed to pay the full \$24,000. We asked if he was going to pay correctly in the future. He said that he would continue to pay less than the minimum because "he could get away with it" and "that's the way business works in America." He already had been fined for wage theft several times by the Department of Labor. He said that the penalties — a couple thousand dollars — were like a slap on the wrist.

There should be penalties for wage theft. It is an epidemic, and the state is doing nothing to prevent it. I can tell you about restaurants, farms, cleaning companies, landscaping companies, and construction companies all over Connecticut that are cheating us — cheating workers, cheating tax revenues, and driving down wages for everyone. Last year, the Connecticut DOL recovered \$6.5 million in unpaid wages for workers who had been cheated. But what will prevent the employers from continuing to flout the law? Nothing, unless we pass HB 5071.

I also urge you to support SB 32 to raise the minimum wage and HB 5069 “An Act Concerning Low Wage Employers.” These are common sense bills. None of us are benefiting from the disappearing middle class — the widening gap between low earners and high earners in this state. Minimum wage has been declining — in terms of real dollars adjusted for inflation — while the pay of higher earners has been growing, for decades. With the pending minimum wage increase to \$9.00, Connecticut minimum wage earners will finally earn what they did in 1979 (\$9.02 adjusted). However, the pay of median income workers has gone up 21 percent, and the pay of the top ten percent earners has gone up 40 percent since 1979. We are all paying the cost of this widening income gap. Our schools, our hospitals, our police, and even businesses are hurt by the crushing poverty that affects minimum wage earners.

It is unacceptable that the Connecticut General Assembly last year *lowered* the minimum wage rate for tipped workers, under pressure from the restaurant industry lobby. It is a myth that customers and employers keep tipped workers out of poverty through tips and the tip credit. The poverty rate of servers — who are mostly women — is three times the national poverty rate. Connecticut servers are poorer than those in other parts of the United States. Eight states, including California, Washington and Minnesota, pay servers the same minimum wage as all other workers. There is no reason that Connecticut cannot do the same.

I urge you to support HB 5071, SB 32 and HB 5069, and to guarantee a fair minimum wage for tipped restaurant and hotel workers.